

JPRS 80728

4 May 1982

China Report

ECONOMIC AFFAIRS

No. 226

FBIS FOREIGN BROADCAST INFORMATION SERVICE

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CHINA REPORT

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ECONOMIC MANAGEMENT

STRENGTHENING OF TAX COLLECTION MANAGEMENT URGED

Xi'an SHAANXI RIBAO in Chinese 17 Feb 82 p 2

[Article by Xie Bohua [6206 0130 5478]: "Strengthen the Professional Management of Tax Collection, Realize Revenue-Expenditure Balance in Finance"]

[Text] Along with the progressive implementation of the party's principles of readjustment, restructuring, reorganization and upgrading, the state's tax collection situation has become better and better. With an eye on revenue-expenditure balance in the state's public finance as a whole, we must, if we wish to do a good job in our 1982 tax collection work, accomplish our tax collection plans by each and every means. In order to realize this glorious task, tax collection departments at all levels should greatly raise their professional management level.

Raising this professional management level in tax collection is an urgent matter. Since the state's tax revenues make up an increasingly larger proportion of our financial income, whether or not tax collection plans can be accomplished has great bearing on the elimination of financial deficit and the balancing of financial revenues and expenditures. Energetically organizing financial revenues and satisfactorily accomplishing tax collection plans are thus tasks of first importance for tax collection departments at all levels. Many practices of "escaping, falsifying, failing to collect, and failing to report" taxes indicate that our tax collection channels today still leak a great deal of water. The factors contributing to the "escaping, falsifying, failing to collect, and failing to report" taxes are of course numerous, but inadequate management is an important cause. Under similar conditions, wherever management is tightly controlled and receives careful attention, problems of "escaping, falsifying, failing to collect, and failing to report" taxes are usually scarce; on the other hand, wherever levying and managerial discipline prove to be lax and work proves to be careless, problems of dissipated financial resources are usually numerous. How can we effectively guard the portholes for "escaping, falsifying, failing to collect and failing to report" taxes in our tax collection work? In the past, we often substituted a single-whiff general inspection for comprehensive, careful professional management work. As a result, we inspected year after year, but we also failed to collect many taxes year after year. Facts show that mass general inspection activity is not the way to effect fundamental

cure. Only raising our level of professional management, doing a good job in basic work, and managing tax collection according to law are long-term solutions.

Where shall we begin in order to raise our professional management level in tax collection? First of all we must protect our sources of tax. Timely collection of collectable taxes prescribed by policy and their submission to the state treasury plays the role of protecting our sources of tax. If collectable taxes are not collected in time and payment delays that should be prompted are not prompted, that would be tantamount to abandoning the state's sources of tax. In the past, we stressed the necessity of looking after financial resources; today we need also to stress the necessity of protecting the state's sources of tax; there is relevance in both cases. Some enterprises have responded by saying that it is not we who fail to pay our taxes, it is you who have failed to come to collect them. In some localities, the amount of trade and market taxes is deemed to be whatever is actually collected and there has never been any effort made to collect all that is collectable.

We have come to understand through practice that, in order to successfully protect our sources of tax, we must: (1) Protect our sources of tax through controlling such sources of tax. Assigned managers of tax collection should pay regular attention to investigating the changing situation concerning sources of tax within their respective jurisdictions in order to control the foundation of our financial resources. With respect to execution and management of production, and the supply and consumption plans of each enterprise, they must be familiar with the fingers of their hands; they must spend their main energy on controlling such enterprises, stick firmly to their assigned duties and enhance tax collection as well as production so as to assure that the state's sources of tax keep flowing. (2) Guard as strictly as possible the loopholes allowing tax reduction or exemption in order to protect sources of tax. The state's implementation of tax-reduction and tax-exemption policies plays the role of having tax collection adjusting to our economy and regulating our production. In regard to difficulties the enterprises encounter in the process of their production, assigned managers of tax collection should analyze them conscientiously, understand clearly their subjective and objective causes, and make sure that taxes that should be reduced or remitted are reduced or remitted. Because, when such policies of reduction and remission are correctly carried out, it might seem temporarily that the state is collecting less taxes, but in the long run, this actually serves to protect the state's sources of tax. But, in the case of those taxes that should not be reduced or remitted, they must not be granted from any standpoint as a favor. The following situation often exists: some enterprises do not depend on subjective efforts to overcome their difficulties, but depend on tax reduction or exemption to protect their economic interests; such an approach is very harmful. Because, tax revenues are a component part of the state's planned prices, and all prices of products that include taxes contain taxes which must be collected; every commodity income of an enterprise contains taxes that constitute budgeted revenue belonging to the state. Failing to observe the party's economic policies and thereby opening loopholes allowing tax reduction and exemption at random is definitely not

a measure that protects the state's sources of tax but on which undermines them. (3) Protect sources of tax through maintaining discipline. In order to maintain tax-paying discipline, assigned managers of tax collection must first of all exercise their "courage" by conscientiously carrying out tax collection policies without being careless or perfunctory, and paying attention to every detail. While doing so, they must be prepared not to be afraid of cold shoulders, attacks, or offending others. Whoever violates tax-paying discipline will have to be treated like anyone else and subjected to correction accordingly. They must be single-mindedly devoted to their public duties, refrain from seeking private gain, be aboveboard and forthright, consciously resist all unhealthy practices, so as to require the tax-paying enterprises to earnestly abandon any attempts to evade taxes, to omit reporting taxes due, or to drag their feet in making tax payments, and all make full and timely payments on their taxes.

Next, we must plug all loopholes. Plugging loopholes is an important issue in raising our management level at present. In 1981 we in Shaanxi Province investigated and restored as much as 23 million yuan and more of evaded taxes, concealed taxes, and tax arrears, which made up more than 2 percent of the total amount of the province's tax revenues. The reason why there were such big loopholes was because, objectively speaking, some enterprises and tax payers, under the control of selfish departmentalism, took it upon themselves to detain tax payments and evade taxes by devious means; from the standpoint of tax collecting and management work, a very important reason was that some localities blindly promoted the "three-self's" (self-computation, self-billing, self-payment) in paying taxes irrespective of the various management situations in the enterprises and the underlying conditions. Since how much tax to pay and what tax rate to apply were all determined by the enterprises themselves, loopholes were inevitable. At the same time, because the professional level of tax collection cadres was too low when they arrived at the enterprises they took the enterprises and tax payers at their word. These problems are precisely the weaknesses in our professional management. Tax collection as a functional instrument of the state requires determined measures and scientific management methods. Leaders of tax collection departments at various levels must put the raising of our management level on their agenda and see it through all the way. Assigned managers of tax collection at various levels must in the course of practice conscientiously sum up their experiences, keep lessons firmly in mind, endeavor to improve their management methods, follow the practice of professional management intervention, and thereby nip the loopholes in the bud.

Thirdly, we must strengthen the rule of law. Our current tax law provides that all economic departments and tax payers have the duty to pay tax according to established policies and regulations and no right to violate them. But, at present, practices such as "substituting words for the law" and "policies being issued by many agencies" still continue to prevail. We must make "putting taxation under the rule of law" a major question and strengthen it, and solve and handle in time various tax law violation problems. Tax collection departments and assigned managers at various levels must begin with daily supervision and management and have the courage to handle and control all units and individuals who violate the tax law; those

who should pay a fee for delayed payment must be made to pay it, and those who should be fined must be fined. Cases involving people who refuse to change their ways despite repeated admonitions and serious attempts to evade and resist taxation, must be brought to court and legal responsibilities must be affixed. In the case of those lawless elements who beat up tax collectors and make vociferous demonstrations at tax collection organs, severe punishment is necessary in order to assure the smooth implementation of the "rule of law" in tax collection.

The important thing about raising the professional management level of our tax collection is to specify everybody's responsibility. Tax collection management is a component part of economic management; it is a science. Where does an advanced management level come from? It depends on tax collection departments at various levels mobilizing the enthusiasm and creativity of the masses, channeling collective wisdom and fighting power onto concrete collection and management work, and try to find a set of complete scientific management methods through practice. In order to raise the professional management level of our tax collection, we must impose concrete responsibility requirements and strengthen basic management at the first line. First of all, we must clearly determine the responsibilities of collection and management personnel; that is, tasks assigned to individuals, and responsibilities are fixed on individuals. Secondly, the achievement appraisal system must be carried out for every individual, so that their performances can be compared and evaluated, the way they submit to labor discipline can be examined, and rewards and punishments can be meted out to them. Furthermore, tax collection departments at various level must carry out regular ideological and political work centered on the central task of tax collection, guide the cadres and the masses to strive to do a good job in their work, and, closely in keeping with this attempt at raising our professional management level, delve into the study of management techniques with the attitude of a master of the house, energetically practice their basic skills, and learn from advanced personalities in professional management; they must extensively and intensively launch labor emulation activities, raise their spirits, and work hard.

9255

CSO: 4006/346

ECONOMIC MANAGEMENT

STRUGGLE AGAINST ECONOMIC CRIME DISCUSSED

OW221437 Fuzhou FUJIAN RIBAO in Chinese 15 Apr 82 p 1

[Text] The decision of the CCP Central Committee and the State Council on the struggle against serious criminal activities in the economic field was published in the papers on 14 April. On the same day, the Fujian Provincial CCP Committee Standing Committee held an enlarged meeting to earnestly study, discuss and deepen understanding of the basic spirit embodied in the "decision" in order to know precisely the scope of its policy. Participants in the meeting warmly supported the "decision" and pledged to resolutely carry out this struggle through to the end with full determination in accordance with the requirements of the party Central Committee and the State Council.

In the course of study and discussion, the comrades reviewed the struggle against serious criminal activities in the economic field in Fujian Province in the past 3 months in light of the decision of the CCP Central Committee and the State Council. They agreed that the analysis made in the "decision" conformed to the conditions in Fujian. The various localities in our province have begun to expose and handle a number of serious criminal cases involving smuggling, trading in smuggled goods, corruption, accepting bribes, profiteering and speculation, thereby arousing the fighting spirit of cadres and masses and deterring criminals. Initial results have been achieved in this struggle. However, as was pointed out in the "decision," some comrades have failed to see the tremendous harmfulness of serious criminal activities in the economic field and have not yet clearly understood the importance and urgency of this struggle. In some places, this struggle has not yielded marked results while in other places, efforts in this work are inadequate. In some units, investigating a single case will meet with numerous obstacles, and some cases have remained unresolved for a long time. Some units claim that they do not have problems even before they start investigations. Some units fail to deepen investigation even after problems are exposed. All this shows that some leading organs and cadres are turning a blind eye to the seriousness of the matter and are unconcerned or fearful of the difficulty of waging this struggle, as reflected by their many misgivings, irresolution and indecisiveness.

In their speeches, the speakers stressed that in order to change the above-mentioned situation and successfully wage this struggle, the most important thing is for our leading bodies at all levels to conscientiously study the decision of the party Central Committee and the State Council in connection

with the actual situation of Fujian and of their respective localities and units and to use the "decision" to enhance understanding and unify their thinking. In the past 3 months, we have gained a certain understanding of the significance of the struggle against serious criminal activities in the economic field. In the course of study, we should now further realize that this struggle is a major manifestation of the class struggle in the economic field under the new historical conditions and that it concerns the success or failure of the four modernizations program as well as the prosperity or decline of our party and state. We should understand that this is a protracted struggle. We can only wage this struggle successfully if we are sober-minded and highly vigilant, acquire unity in thinking and take concerted action.

The participants in the meeting made repeated efforts to master the scope of the policy laid down in the decision of the party Central Committee and the State Council. The "decision" noted that a clear differentiation must be made between errors in work and criminal offenses; between unhealthy tendencies in economic affairs and economic offenses; and between problems arising from imperfections in the system and method for implementing economic policies of opening up to the world to enliven the domestic economy on the one hand and smuggling, trading in smuggled goods, corruption, accepting bribes and speculation on the other hand. In judging criminal responsibility, we must draw a clear demarcation line between personal embezzlement and the act of turning state interests into interests of small groups. The participants agreed that once these demarcation lines are clearly understood, it is possible to correctly master the policy. Furthermore, as long as we strictly act in accordance with party regulations and rules, government and army discipline, judicial procedures and the relevant provisions of the law; insist on evidence instead of easily giving credence to statements of the accused; and pay attention to the method of work, we will be able to strike surely, accurately and relentlessly at all criminal elements who have seriously undermined the economy.

All of them agreed that to ensure success in this struggle, party and government leaders at all levels should attend to this work as a central task. Major leading comrades of party committees should personally take charge instead of assigning the work to discipline inspection commissions or departments in charge of political and legal affairs. In the course of studying the decision of the party Central Committee and the State Council, party and government leaders at all levels should check their work against the "decision" to see if they have met the requirements demanded of leaders by the "decision." They should examine whether they have attached proper importance to this struggle, examine how the work is being carried out and identify what the problems are in order to earnestly solve the problems.

The provincial CCP committee's Standing Committee will continue to hold meetings to deepen its study and discussion, sum up and analyze the progress of the struggle in the previous stage and present measures for implementing the "decision."

ECONOMIC MANAGEMENT

HEILONGJIANG DEALS WITH ECONOMIC CRIMES

SK200905 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT
19 Apr 82

[Excerpts] According to our reporters, the Heilongjiang Provincial CCP Committee sponsored a forum today with the participation of noted personages of various nationalities and social circles and nonparty patriotic personages. The forum is to discuss the decision adopted by the CCP Central Committee and the State Council on dealing blows at serious economic crimes and soliciting personages' opinions on the struggle against these crimes.

Speaking at the forum were Wang Jinling, Tang Liandi, Wang Zhaozhi, Guo Shouchang, (Shi Jiaping), Wang Weizhi, (Li Kuiting), (Huang Lixiang), (Dai Yueqing), (Shen Tonglong) and (Dong Guoyuan). They pledged to resolutely support the decision adopted by the CCP Central Committee and the State Council on dealing blows at serious economic crimes.

Attending the forum were Li Lian, second secretary of the provincial CCP committee; Wang Yilun, secretary of the provincial CCP committee, and (Zhang Pengbi), director of the united front work department under the provincial CCP committee. Comrade Li Lian addressed the forum to introduce the struggle launched by our province against serious economic crimes. He noted: waging this struggle is an important matter which should be grasped not only by the party and the state but also by the people of various nationalities and social circles at all levels in the country. He urged nonparty friends making joint efforts with the party and the people to resolutely take a firm stand in launching this struggle and to arm themselves with the spirit of the central decision to upgrade their ideological and political consciousness and enhance their ability in distinguishing things.

In waging this struggle, these nonparty friends should actively go into action to fight side by side with the party and to be examples in upholding justice. They also should conduct extensive propaganda work among their children, relatives and the people they meet on the seriousness of the struggle and the importance of combating the practice of onesidedly grasping the policy. Under the party's leadership, we together with the people throughout the country should make all-out efforts to win victory in the struggle against serious economic crimes.

CSO: 4006/414

ECONOMIC MANAGEMENT

BRIEFS

LIAONING ECONOMIC CRIMINALS--By 5 April, 121 economic criminals in Dalian municipality, Liaoning Province, had surrendered to relevant departments and confessed their crimes. Relevant departments will deal with them leniently on the merit of each case. Following promulgation of the NPC decision on severely punishing economic criminals, units in Dalian have convened rallies and meetings to publicize this decision. The municipal intermediate court convened a 100,000-man rally to try economic criminals and released on the spot three thieves who had confessed their crimes and returned all the spoils they had illicitly gained. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 12 Apr 82 SK]

ECONOMIC CRIME FORUM--The regional people's procuratorate recently held a forum in Lhasa on dealing with economic cases. The meeting demanded that procuratorate organs at all levels regard hitting at serious economic criminal activities as the central task in their work and get a good grasp of it. Regional CCP committee first secretary Yin Fatang listened to the reports and made an important speech. The meeting stressed the importance of seriously studying and implementing the recent decision of the CCP Central Committee and State Council. [HK210235 Lhasa Xizang Regional Service in Mandarin 1130 GMT 20 Apr 82]

HEILONGJIANG CRIMINALS--Since the promulgation of the resolution for severely punishing criminals who do great damage to the economy, 94 people who committed economic crimes in Heilongjiang Province's 11 prefectures and municipalities voluntarily confessed their crimes and surrendered themselves to departments concerned by the end of March. In addition, some 100,000 yuan of illicit money was returned to the state. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 6 Apr 82 SK]

CSO: 4006/414

FINANCE AND BANKING

ACCUMULATION OF FUNDS BY BANKS FOR ECONOMIC CONSTRUCTION URGED

Shenyang LIAONING RIBAO in Chinese 8 Jan 82 p 1

[Editorial: "Support Economic Construction; Utilize Banks in Accumulation of Funds"]

[Text] Accumulation of funds must depend on financial and banking departments, particularly by fully bringing banks into play and speedily manipulating funds in order to serve production. This is a major policy for solving our current shortage of funds and maintaining a steady rate of economic development.

In economic construction, there are basically two ways to mobilize and distribute funds. One is through financial means, mustering a portion of national income and distributing it without compensation; the other is credit control through banks, mobilizing idle capital in society and turning it over with compensation. Since the Third Plenary Session of the Eleventh CCP Central Committee, as a result of economic readjustment, reform in the economic management system and implementation of the party's various economic policies, the portion of funds centrally distributed by national financial departments has decreased, local financial strength has increased, more profits are retained by enterprises, and the people's income in urban and rural areas has risen. At the same time, the greater the potential of fund accumulation by banks, the more outstanding the role of banks becomes in the redistribution of national income. By the end of October 1981, the total of various kinds of deposits in the provincial people's bank and agricultural bank alone had increased by 17.7 percent over the corresponding period in 1980. Among them, enterprise deposits increased by 7.6 percent, and individual deposits in cities and towns increased by 28.8 percent. The overwhelming portion of these funds were utilized as working capital loans through banks to support industrial and agricultural development projects to fulfill the needs in expanding circulation of commodities by enterprises; another portion was utilized for short-term capital loans to support the renovation and technical transformation of equipment of light and textile industries, to increase the production and supply of daily consumer goods, to support the shift in service direction of heavy industries, to readjust economic structure, to develop production and to activate the economy. It can be seen that using bank for the accumulation of funds, letting them to have wider areas of activity, shoulder heavier responsibilities and play a more important role, all have important practical meaning in promoting the readjustment of the national economy and acceleration of modernization.

here are many effective ways for banks to accumulate funds. At present, under the new situation emerging from readjustment and reform, taking such measures as are suitable to local conditions and the particular time, we should adopt further flexible and varied forms and energetically open up new ways and means to accumulate funds, besides continuing our efforts in doing a good job at the existing deposit operations. For instance, we can set up layaway deposits which can be withdrawn in lump sums for special purposes and periodic deposit by enterprises, handle government bonds, launch personal insurance and trust activities, broadly absorb individual and group economic deposits, do a good job in foreign exchange, collect and utilize foreign capital, etc. We must do our utmost in mustering all idle capital, transforming consumer capital into capital for production. And short-term capital into long-term capital speedily manipulating funds to improve our services for the benefit of our national economy.

In order to enhance effectiveness in the use of capital and obtain optimum economic results from the accumulation of funds by banks, we must act in coordination with all departments and units of the national economy. This requires that each enterprise unit continuously improve its management, economize on the utilization of capital, hold cash in reserve in accordance with regulations, restrict the phenomena of indiscriminate use of capital and violations of financial and economic discipline, and strictly carry out the strengthening of capital management work in every economic link and by every possible mean. Moreover, we must activate interflow of commodities, so that enterprises, based on their flexible use of capital and their steadily increasing capital strength, can steadily make deposits into the banks. No region or unit may set up a banking institution or handle deposits and loans undertakings without government permit. Banks at all levels must play a supervisory role in this matter.

In the final analysis, the government's purpose in accumulating funds through banks is to develop the national economy and serve the four modernizations. While accumulating funds, the banks must make good use of funds, support and supervise enterprises' efforts in improving management and maximize the effect of economic application. This is a social endeavor concerning the situation as a whole. Party committees and governments at all levels must strengthen their guidance over banking activities, and respect banks' right to self-management. All departments and units must also combine their action and all economic levers must move in concert. The broad masses of the people in cities and villages must arrange their lives in a reasonable way, enthusiastically taking part in savings and supporting banks in all respects, making their due contributions so they can collect more funds in more areas, activate the national economy and promote the development of production.

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CSO: 4006/307

FINANCE AND BANKING

BANKS' ROLE IN NATIONAL CONSTRUCTION STRESSED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 2, 19 Jan 82 pp 16-18

[Article by Zhao Haikuan [6392 3189 1401]: "Banks Should More Effectively Raise and Use Funds for Construction"]

[Text] The central leading comrades are paying very serious attention to bringing the role of banks into full play, and are asking the banks, as a lever for economic development and technical innovation, to enlarge their sphere of activity, bear more responsibilities, and play a still greater role. In the last 2 years, according to the gist of the instructions from the central leading comrades, the banks strengthened the work of accumulating social funds, enlarged the sphere of using the funds, and initially achieved some success. In the future, they will follow the state's economic construction policy, and continue to do well the work in this field.

Accumulate Social Funds by Relying Mainly on Economic Methods

In the past, in the work of accumulating social funds, our banks relied too much on administrative methods, and did not give full play to the role of economic means. The interest for deposits of enterprises is very low, and there is no interest at all for deposits of government offices and public organizations. People have no strong motive to make deposits at the banks. Basically speaking, making deposits should be done on the initiative of depositors. However, as all people pay little attention to economic accounting, and as banks pay no or very little interest, many units do not take the initiative to deposit their money at the banks. Cash management is an important system of the state. It plays its role in many fields, and it also plays an important role in the accumulation of social funds. In the future, while holding firmly to the system of cash management, we must also accumulate social funds by using economic methods more frequently.

In the last 2 years, due to the fact that we raised the purchase prices of farm and sideline products, adjusted wages for staff and workers, conducted tests at selected enterprises in broadening their right to self-management, and reformed the system of financial management, some funds which were formerly channeled into state revenues have been gradually dispersed into the hands of the enterprises, units, peasants and workers. At present, extrabudgetary funds which are held by the units alone amount to more than 50 billion yuan, and the sum of currency in the hands of urban and rural residents has also

increased greatly as compared with the past. At the same time, the proportion of state revenues in the national income has dropped to some extent. For instance, in the 25 years from 1953 to 1978, state revenues on the average constituted 36 percent of the national income; it dropped to 32.74 percent in 1979, and further dropped to 29.33 percent in 1980. If the national income of 1980 is calculated at 363 billion yuan, then the drop amounts to 25 billion yuan. It provides the bank with conditions for using economic means to accumulate social funds.

When the funds of various units increase, the funds are dispersed, and the funds coming together in financial channels decrease. Is it possible to turn back, restore the old financial method under which all revenues and expenditures are handled by the state in a unified way, and use administrative means to concentrate funds in the hands of the Ministry of Finance? This won't do. It will dampen the enthusiasm just aroused among the enterprises in production and management, and will prevent the enterprises from increasing production and improving management. All funds will decrease.

Then, can various departments, various localities, and even various units raise their own funds to start enterprises and run businesses? We must say that it also won't do. To activate the economy and accelerate construction, it is necessary to concentrate funds through many channels and in different ways to set up enterprises. However, it must be brought into line with the state plan, must enforce the unified policy of the state, and must be handled by the People's Bank in a unified way. As far as the whole country is concerned, the amount of funds which can be gathered is only so much, the greater part of available funds has already been deposited in the bank, and the amount of funds which the bank can possibly increase this year has been accounted for under the bank's credit plan. If various units raise their own funds, possibly they will put out a great deal of effort and to to great expense, but the total funds of the state will not increase. On the contrary, funds which have been gathered in the bank will be dispersed to some localities, departments, or units. This method of operation will be disadvantageous to carrying out construction and using funds in a planned way.

Proceeding from our national interests as a whole, it is most advantageous to accumulate social funds by the bank with economic methods. Under the condition that the units can retain their ownership of funds and maintain their enthusiasm, the bank can effectively amass these funds and, according to the unified plan, use them in places where the state has the greatest need. At the same time, the bank has its own ready-made operation all over the country, and can achieve the aim of accumulating the maximum amount of social funds at minimum cost.

To accumulate social funds in every way, the bank should raise its interest rates on deposits appropriately. In recent years, our interest rates on savings deposits have been raised on two occasions; however, they are still not high enough. In the future, they may be further raised a little as we think fit, provided that we can raise appropriately the interest rates on bank loans so that the interest rates on deposits will not exceed those on loans. In this way, when the masses of the people have deposited their savings with the bank, not only will they be compensated for any increase in commodity

prices, but they will also receive a noticeable income from interest, which encourages them to make rational arrangements for their income and expenses and do their best to increase their savings deposits. The interest rates on deposits made by various units have not been changed for a long time. When the bank raises interest rates on loans, it should change noninterest-bearing deposits made by business units in the past into interest-bearing deposits, and give higher interest rates on fixed deposits made by units of enterprises, government offices, public organizations and the army, in order to convince all units that making long-term deposits with the bank is economically also a rational way of using funds.

Next, it is necessary to increase suitably the variety of deposits according to the different characteristics of social funds. For savings deposits, in addition to the present various basic savings accounts, such as deposit and withdrawal in a lump sum, deposit by installments and withdrawal in a lump sum, deposit in a lump sum and withdrawal by installments, and interest paid on the principal only, the bank may also work in coordination with some departments concerned to introduce new varieties of savings for durable consumer goods, urban housing and rural building materials. For deposits from enterprises and government offices to attract their long-term idle funds. While the bank increases the variety of deposits, it may also engage in the bond business to accumulate funds on still longer terms. Furthermore, the bank must also expand vigorously the trust business, do a good job in the work of insurance, and accumulate social funds through various channels.

In addition, the bank must do a good job in serving the depositors, increase suitably the number of business offices, savings agencies and mobile service teams, study the question of accepting savings deposits by the post offices, and strive to help the depositors deposit or withdraw money conveniently in their neighborhood. The bank must carefully regulate the organization of labor at savings offices, simplify procedures, improve work efficiency, and minimize the time any customer has to spend in waiting.

The accumulation of social funds is the foundation of the bank's business activity as a whole. Without a necessary sum of deposits, the bank shall have no funds to issue loans. Then, we are in no position to talk about bank work in its entirety. We must place the accumulation of funds in an important position in the bank's work and, according to the development of the situation, take various effective measures, accumulate social funds to the maximum, and continuously increase the sources of bank funds.

Expand Suitably the Scope of Bank Loans

While energetically accumulating social funds, we must study the reform of the credit system, expand suitably the scope of bank loans, use these funds in an effective way, promote the realization of a benign cycle in the national economy, and maintain a certain speed of development.

For a long time in the past, the scope of our bank loans was very limited. With the exception of agriculture and the five small urban collective enterprises, the enterprises of other economic departments were given loans only for their circulating funds, never for their fixed funds. This greatly restricted the role of the bank.

To bring into full play the role of the bank, from 1979 the People's Bank of China began to issue experimentally intermediate and short term loans for equipment. Till the end of September last year, though the remaining sum of such loans amounted to only 6.51 billion yuan, constituting 2.6 percent of the total sum of loans issued by the bank, it played a very useful role in promoting the regulation and development of the national economy. For instance, from the beginning of 1980 to the end of September 1981, the People's Bank had granted 7.78 billion yuan of intermediate- and short-term equipment loans for over 33,000 technical transformation projects, of which 16,000 projects have been completed and have gone into operation, increasing their output value by 13 billion yuan, equal to 1.67 times the total amount of such loans granted, and adding 2.96 billion yuan of tax revenue.

In the future, the bank should first strengthen its work of issuing loans for circulating funds. At present, the potential of circulating funds is very great among industrial and commercial enterprises. In 1980, among state-operated industrial enterprises, the turnover rate of circulating funds was 3.1, much lower than the record of 4.8; while in the domestic trade section of our state-operated commerce, the turnover rate of circulating funds was 2.3, also not up to the record of 2.6. In coordination with economic readjustment and reform, and with the reorganization of enterprises, the bank should strengthen credit management, urge the enterprises to gradually take up less circulating funds, and use state funds in a more effective way. At the same time, the bank should continue to handle well intermediate- and short-term equipment loans, and seriously sum up the experience of issuing such loans in the last 2 years.

At present, there are different views on the question of whether the People's Bank should grant loans on fixed assets. Comrades who answer in the negative believe that the granting of such loans by the bank is not in line with the principle of managing separately financial funds and credit funds, and also that it will possibly enlarge the issue of currency. This is a misunderstanding. The meaning of the separate management of financial and credit funds is that there must be distinctions in the use of financial and credit funds, that is, financial funds are nonrepayable but credit funds should be repayable. As long as there is a distinction between these two funds, their separate management is necessary. However, whether or not the People's Bank can grant loans on fixed assets is an entirely different question, that is, how to effect a specific division of work between these two funds. Although, by granting loans on fixed assets, the People's Bank changes the original line of division in the work of financial and credit funds, a new line of division is taking shape in the work of these two funds. This change of the line of division does not deny the principle of separate management of these two funds. In fact, the principle of separate management will be further implemented on a new basis. As regards the question whether the issue of currency will be enlarged, our view is contrary to that of these comrades. The amount of additional currency issued in recent years exceeds the normal requirements for commodity circulation, which was brought about by a serious disproportional development in the national economy and the occurrence of large budget deficits in successive years, resulting from many years of leftist erroneous influence in the economic field. To change this situation and restore the normal circulation of currency, we must start from doing a good job in economic

readjustment and solving the problem of budget deficits. It takes time. Under this situation, if we do not proceed from the whole economic situation and consider currency as it stands, it will be difficult to truly improve the state of currency circulation. Only by proceeding from promoting the realization of a benign cycle in the national economy, by supporting the maintenance of a certain speed of development of the national economy during the period of readjustment, and, while doing a good job in granting loans for circulating funds, by exercising strict control over other parts of the money supply, by energetically organizing the withdrawal of currency from circulation, by arranging suitable sums of loans on fixed assets in every year, by giving positive support to the development of the production of daily consumer goods, and by supporting the realization of the technical transformation of the national economy, can the national economy be developed, the capability of currency withdrawn from circulation be strengthened, and the conditions of currency circulation be improved fairly well.

Achieve An Overall Balance of Credit Funds

To realize a benign cycle and healthy development of the national economy, it is necessary to maintain the stability of the currency. Achieving an overall balance of credit funds is an important aspect of readjusting the amount of money in circulation and stabilizing currency value and commodity prices. Our country has always paid serious attention to an overall balance of credit funds in the past. With the reform of our national economic system developing in depth, the bank increases its source of credit funds and the channel for using the funds, and enlarges the scope of its credit activity. We must pay still greater attention to the work of credit balance before we can guarantee the continuous stability of our currency.

To maintain a stable currency is one of our basic national policies, from which we should never waver. Over a fairly long period, the capitalist countries generally carried out the policy of chronic inflation. These countries had common economic difficulties, such as limited markets and relative surpluses of products. The policy of chronic inflation played a certain role in stimulating demand and production, but it no longer works. When chronic inflation develops into galloping inflation, instead of stimulating the development of production, it becomes an important factor in undermining production, endangering people's living, and giving rise to a political crisis. Ours is a socialist country, economically we have problems which are basically different from those of capitalist countries. In our country the fundamental trend with regard to daily necessities is still that demand exceeds supply; in capital construction, we still have to guard against overextending the battlefront. Fundamentally, we need not stimulate demand and increase investment beyond the plan. In our country, the policy of chronic inflation has every disadvantage and no advantage. We definitely cannot take the same old disastrous road as the capitalist countries.

In the last 2 years, the bank has released some intermediate- and short-term loans for equipment. Does this mean that we have abandoned the policy of stabilizing currency, and that we no longer exercise strict control over investment and loans and tolerate excessive currency in circulation on the market? This is not the case. It is explained in the foregoing that the

People's Bank released intermediate- and short-term loans for equipment with the very purpose of enhancing the effect of using national construction funds, to support the realization of a benign cycle in the national economy, to promote the maintenance of a certain speed of economic construction, to basically overcome the phenomenon of excessive currency in circulation, and to stabilize the currency value. Therefore, while issuing intermediate- and short-term loans for equipment, we should all the more pay attention to the collection of deposits and exercise strict control over loans. The People's Bank and its branches at all levels as well as all specialized banks have no authority to go beyond the credit plans approved by the state, especially the quotas of intermediate- and short-term loans for equipment. They must follow strictly the regulations laid down by the State Council forbidding to diversion circulating funds to capital construction, and the use bank loans for financial expenses. Furthermore, enterprises are not allowed to make up their losses with bank loans. Those enterprises which have no income from sales of goods are not allowed to use loans to pay wages and bonuses, to turn them over to the state as profits, and to pay expenses for the welfare of staff and workers. At the same time, the bank should make great efforts to achieve the withdrawal of currency from circulation, exercise strict control over all cash payments, particularly do well the work of supervision over the payments of wage funds and bonuses, and strive to minimize the money supply.

The incomings and outgoings of financial funds and those of credit funds are interlocked and their relationship is very close. When there is no change of the system of fund management, if the former becomes tight, the latter will also become tight. When a budget deficit occurs, it is necessary to draw on the surplus from the balance of past years or to make an overdraft from the bank, then it will affect directly the balance of bank credits and increase the money supply. Therefore, to minimize the money supply and stabilize commodity prices, banks at all levels must concern themselves with this matter and give their positive support to the financial departments in taking effective measures to increase revenues and reduce expenses, and to achieve a basic balance between state revenues and expenditures.

Credit income and expenses and state revenues and expenditures present a complete picture of the national economy. To improve truly the state of affairs in both fields, it is necessary to further do a good job in the readjustment and reform of the national economy, to enhance greatly the economic results from the use of state funds, to realize a benign cycle in the national economy, and to achieve the healthy development of economic construction. Let us raise our spirits and make our common efforts to realize this goal.

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CSO: 4006/316

FINANCE AND BANKING

PROPER ROLE, TIMING OF AGRICULTURAL CREDITS STRESSED

Beijing ZHONGGUO CAIMAO BAO [CHINA FINANCE AND TRADE JOURNAL] in Chinese
25 Feb 82 p 1

[Article by staff correspondent: "Timely Granting of Agricultural Credits, and Support for Spring Plowing Production"]

[Text] Timely granting of agricultural credits and support for spring plowing production are at present the principal tasks of rural financial departments. Agricultural banks and credit cooperatives in every area must successfully carry out all work according to related principles and policies in order to contribute to an abundant harvest this year.

In order to develop agricultural production under the guidance of state planning, we must emphasize implementation of the principle of considering a planned economy to be primary and market regulation to be subsidiary. We must guide the peasants to arrange production according to the needs of society, and prevent and correct unplanned production. Consequently, rural financial departments must earnestly study the related circumstances of this year's agricultural production, endorse the economic level of extending agricultural credits, and intensify the planning of our agricultural economy. Agricultural banks and credit cooperatives in every area should integrate their operations, actively coordinate concerned departments, assist agricultural production units and individual commune members, and arrange production according to state planning. They should also sign economic contracts for all kinds of products so that state plans can be carried out in an appropriate manner. As for securing the production capital required by economic contracts, top priority must be given to arrangements and prompt distribution.

In granting agricultural credits, it is necessary to implement the principle of "unremitting work in the production of grain and the active development of a diversified economy." In our nation of 1 billion people, food is a major consideration. At present, the amount of grain per capita is low. Thus it is still the major task of rural financial departments to make every effort to support the production of grain and to increase the marketability of grain. It is necessary to make use of the credit lever to promote the stability of grain acreage and the steady increase of grain output. In terms of the entire nation, the critical places for support of grain production and credits are areas that have relatively low yields per unit of area, yet have quite a great potential for increasing production as well as commercial grain production bases.

It should be emphasized that credits are to be applied to the key measures of developing choice varieties, chemical fertilizers, plastic fibers, and pesticides so as to increase the yield per unit in these areas. It will then be possible to supply even more commercial food grains to the state. In supporting the stability of grain acreage and improving grain production, rural financial departments must still strive to uphold the development of a diversified economy. At present in many areas there is a great potential for raising the yield per unit of economic crops. We must persist in developing production according to the state plan while suiting measures to local conditions and carrying out rational distribution. It is also important to provide positive support, in keeping with credit policies, to commune production brigades in opening up and utilizing mountain areas, bodies of water, shore areas, and grasslands in order to develop a diversified economy. Positive support must be given to commune families for developing farming and stockraising as well as other sideline businesses. In areas that are implementing the "double contract" system, we must actively maintain collective economic production projects that have good economic results and that have been welcomed by the people in the past. Furthermore, it is necessary to develop new production projects under the principle of estimating our resources and acting accordingly.

When granting agricultural credits and supporting spring plowing production, agricultural banks and credit cooperatives everywhere should uphold the system of "pre-loan investigation, examination at the time the money is loaned, and post-loan inspection." They should strive to make sure that every bit of the money is extended as warranted and put to good use, and that economic benefits are fully developed.

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CSO: 4006/358

FINANCE AND BANKING

BRIEFS

SAVINGS DEPOSITS--Based on the relatively large rate of increase in 1981 savings deposits in our province, last year continued to rise considerably. On the average, the per-capita savings deposits in all rural areas within the province was 32.49 yuan, an increase of 7.12 yuan over 1980. In Ningbo municipality and Shaoxing and Zhoushan prefectures, the average increase was more than 10 yuan per person, while in the mountain area of Lishui prefecture the figure was 8.04 yuan--all exceeding the provincial average level. Credit cooperatives throughout the province have absorbed individual savings deposits totalling 836 million yuan. The main reason for last year's large increase in the rate of savings deposits in the rural areas was that different forms of the responsibility system in production, were further carried out full-scale economic diversification developed in an all round way which markedly increased the broad masses of peasants' collective income and income from household sideline occupations. Banks and credit cooperatives in all places energetically launched a savings publicity campaign, increased the construction of savings network outlets, expanded savings categories and lengthened their service periods, all of which have facilitated the broad masses of peasants in taking part in savings. [Text] [Hangzhou ZHEJIANG RIBAO in Chinese 15 Jan 82 p 1] 9300

TAXATION PLAN OVERFULFILLED--While tax sources are undergoing relatively great changes, our province has collected taxes in excess of 15 million yuan, thus overfulfilling the 1981 taxation plan. Last year tax departments at all levels throughout the province launched a comprehensive investigation of tax sources, put tax reductions and exemptions in order and strengthened further the unified administration of taxation. Following an allembacing investigation of tax arrears and evasions within the province, more than 37,000 enterprises have carried out self-examination and paid taxes. Furthermore, tax departments ferreted out 54.3 million yuan in tax evasions after rechecking key sectors. [Text] [Shenyang LIAONING RIBAO in Chinese 9 Jan 81 p 1] 9300

GUANGDONG SAVINGS INCREASE--Savings in urban and rural areas in Guangdong Province in the first quarter of this year greatly increased. By the end of March, savings in urban and rural areas throughout the province reached 5.346 billion yuan, 38.99 percent more than in the corresponding period of last year. The per capita savings was 90.87 yuan, 25.49 yuan more than in the same period of last year. Of this 5.346 billion yuan, 2.783 billion yuan was savings in urban areas and was 38.91 percent more than in the corresponding period of last year; 2.563 billion yuan was savings of rural commune members and was 39.1 percent more than in the same period of last year. The increase in savings shows that production has developed and people's living standards have been raised. [HK170736 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 15 Apr 82 HK]

LOW-INTEREST LOANS--Lhasa, 16 Apr (XINHUA)--Local trade enterprises in the Tibet Autonomous Region now can receive loans at a preferential interest rate, according to a circular issued at the end of last month by the Tibet branch of the People's Bank of China and the regional bureau of finance, the annual rate has been reduced from 7.2 percent to 3.96 percent, effective from last January 1. The local bank will refund the excess loan interest paid this year by enterprises before the issuance of the circular. Under the guidelines of the State Council, the decision was made to help develop local trade. It is estimated that the decision will result in an annual savings of more than 5,700,000 yuan in loan interest for trade enterprises in Tibet. Located on the western border of China, Tibet's economic construction and communications are underdeveloped. The circulation of commodities is slow and working capital is tied up. Nearly half of the capital is bank loans. Enterprises eligible for the preferential interest rate are companies of regional trade, petroleum, pharmaceuticals, foreign trade, farm machinery and spare parts and supply and marketing cooperatives. All loans to peddlers and individual shopkeepers already are interest free. [Text] [OW161230 Beijing XINHUA in English 1211 GMT 16 Apr 82]

XIZANG TREASURY BONDS--The work of issuing treasury bonds in Xi ang region in 1982 has begun. The regional people's government has notified all prefectures, municipalities and departments in the region to deal with subscriptions for treasury bonds. The whole region must subscribe for 6.1 million yuan of treasury bonds this year. Of this 6.1 million yuan of treasury bonds, governments at all levels must subscribe for 1.6 million yuan of treasury bonds with their surpluses last year, enterprises run by the state and collectives in urban areas must subscribe for 1 million yuan of treasury bonds with their special funds for production and staff and workers of state organs, enterprises and administrative units must individually subscribe for 1.5 million yuan of treasury bonds. The regional people's government has decided that peasants, herdsmen and urban residents in the region are not allocated treasury bonds this year. Staff and workers of the units owned by collectives in urban areas are also not individually allocated treasury bonds but can voluntarily subscribe for treasury bonds according to their own financial situation. [Lhasa Xizang Regional Service in Mandarin 1130 GMT 9 Apr 82 HK]

SAVINGS DEPOSITS--Savings deposits in China increased 40.1 percent during the first quarter of this year as compared with the same period last year. Total savings reached 38.39 billion yuan by the end of March. This increase was the result of the general rise in the income of urban workers. [OW210955 Beijing Domestic Service in Mandarin 1000 GMT 20 Apr 82 OW]

GUIZHOU BANK WORK CONFERENCE--The Guizhou provincial branch of the People's Bank of China recently held a conference on bank work throughout the province. The conference made all-round arrangements for this year's work. Vice Governor Shen Yumpu spoke at the conference. The major tasks of the People's Banks for this year include seriously controlling issuing currency, vigorously organizing the withdrawal of currency from circulation, promoting savings, doing well in industrial and commercial loans with emphasis on raising economic results, doing well in economic surveys and improving service attitudes. [Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 27 Mar 82 HK]

SHANDONG SAVINGS DEPOSITS--The increase of savings deposits of urban residents in Shandong Province during the first 3 months of 1982 amounts to 180 percent of the savings deposits increase during 1978. Every workers has an average of 303 yuan of savings deposits, a record. [SK130638 Jinan Shandong Provincial Service in Mandarin 2300 GMT 12 Apr 82 SK]

GANSU SAVINGS DEPOSITS--In the first quarter of 1982, savings deposits of urban and rural areas of Lanzhou municipality, Gansu Province, exceeded 100 million yuan. According to the municipal statistics bureau, the increase in savings deposits is attributed to the excellent political and economic situation of the country and the increase in the people's incomes. [SK150152 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 13 Apr 82 SK]

CSO: 4006/415

MINERAL RESOURCES

ENGINEERING CORPS MAKING CONTRIBUTIONS IN GOLD MINING

Harbin HEILONGJIANG RIBAO in Chinese 7 Jan 82 p 1

[Article by Yu Siming [0060 1835 6900]: "Contributions Made by a Certain Basic Construction Engineering Corps Unit for Increasing the Output of Heilongjiang's Gold"]

[Text] In a big meritorious service celebration meeting on 4 January, the engineering corps of a certain unit of the basic construction engineering corps assigned to our province made a report as follows: In 1981 this corps discovered six medium alluvial gold mines, submitted two geological reports on mine construction and gold mining, and built three gold mining vessels of 150 cubic liters capacity. One of the ships has been completed, while the blueprints of the other two have been drawn up. The big 300 cubic liters gold mining vessel, imported from abroad, extracted 585 "liang" of gold during its trial production period. The corps mined the gold manually in their spare hours, netting a total of 1,977 "liang".

During the same year, this engineering corps launched a "search for more mines, be outstanding all round and strive for top position" contest. All cadres and soldiers suggested ways and means to reach the top position. A certain unit, which was responsible for gold geological surveys and prospecting as well as ship building, struggled throughout the year deep in the mountains and forests of Xingan, Mount Wanda and other places under tremendous odds and difficulties. However, those commanders and fighters, true to the undaunted spirit of the People's Army in the face of hardship, bloodshed and sacrifice, mustered their forces and fought all out and overfulfilled the prospecting and production tasks assigned them by their superiors. For instance, those belonging to the work force of a certain 3rd Company, working in a desolate outpost, often ate wild vegetables and drank salty water when the communications were cut off in summer, taking hard work as joy and honor and, after battling for 2 years, submitted a geological report on a rather big alluvial gold mine to the government. A certain troop responsible for installing equipment on the gold mining vessels managed to squeeze time out of their tense work to mine gold manually, while the 5th Squad, comprising 9 men, of a certain company created a record of dredging 12.2 "liang" of gold in a day.

During the 12 months of the "search more mines. be outstanding all round and strive for top position" movement, many advanced units and individuals emerged with outstanding records. During the meritorious service celebration meeting, 3 companies and one squad were established as model units for soldiers. Company leader Song Guang [1345 1639 5391] bureau chief Li Shike [2621 3068 4430], engineer Hui Zhongliang [1920 1813 5328], squad leader Yang Genda [2799 2704 6671] and fighters Jiang Jiangshan [1203 3068 6365], Tan Zuxin [6223 4371 2450], Zhang Xianping [1728 3907 1627], Zhang Yuxin [1728 3768 2450] and Su Xiaogui [5685 1321 6311], were all appointed model soldiers.

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CSO: 4006/307

MINERAL RESOURCES

BRIEFS

CHAORYANG GOLD MINING--Since the Chaoyang prefecture authorities mobilized the masses to mine gold in 1979, more than 10,000 "liang" of gold have been extracted. In 1981 the total reached as high as 15,001 "liang," ranking first in the whole province. Chaoyang prefecture's gold resources are relatively rich and it has a long history of gold mining by the masses. Today, gold mines are to be found in all its counties. Twenty-four production brigades plus 19 communes in the prefecture have constructed 49 mining points and 7 ore dressing plants which are capable of handling 295 metric tons of ore per day. The Prefecture Gold Company has strengthened its technical training and guidance, and energetically supported gold mining by communes and production brigades. Last year it set aside 30,000 yuan to construct an ore dressing plant for 3 communes located in Harqin Zuoyi Mongol autonomous county, enabling them to produce 275 "liang" of gold per year and bringing in an additional revenue of 35,000 yuan to the county. According to statistics, gold mining by communes and production brigades has increased their revenues to 2.4 million yuan. [Text] [Shenyang LIAONING RIBAO in Chinese 8 Jan 82 p 1] 9300

LIAONING LOCAL COLLIERIES--Liaoning provincial local collieries prefulfilled the first quarter production plan, overfulfilling raw coal production by 17,900 tons, an increase of 21.98 percent over the corresponding 1981 period. Collieries run by communes reduced deficits by 900,000 yuan and collieries run jointly by communes and brigades increased income by 700,000 yuan. [SK042230 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 2 Apr 82 SK]

HEILONGJIANG COLD STORAGE CONSTRUCTION--The Heilongjiang Provincial Government decided to build or expand cold storages. It has allocated 12 million yuan for building or expanding 17 cold storages in Qiqihar, Jiamusi, Jixi, Longjiang, Hailun and Yian municipalities and counties. Upon completion of these projects by the end of 1983, the province will be able to increase its cold storage capacity by 65,200 tons, double the present capacity. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 9 Apr 82 SK]

LIAONING IRON MINE--The Anshan Metallurgical and Geological Corporation recently discovered a large iron mine with a reserve of 150 million tons near Anshan and Benxi areas. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 6 Apr 82 SK]

INDUSTRY

BRIEFS

FREIGHTER CHRISTENED--Beijing, 1 Apr (XINHUA)--C. L. Pao, chairman of the Regent Shipping Company Ltd., Hong Kong, gave a return banquet here tonight marking the christening of Regent's new freighter "Wangyuan." The christening, held yesterday, formally inaugurated service of the 27,000-ton bulk carrier, ordered from Liaoning Province's Dalian shipyard. The yard had earlier built a similar carrier, "Changcheng," for the company. "Changcheng" was christened January 4, and Pao expressed his satisfaction with the ship. "These two ships are up to world standards, and I'm proud of the development of China's shipbuilding industry," Pao said. "There are broad prospects for the growth of the shipbuilding industry, and for shipping, in China," he said. Attending the banquet were Vice-Premier Yao Yilin, chairman of the All-China Federation of Industrialists and Businessmen Hu Ziang, and Vice-Minister of the Sixth Ministry of Machine Building Zhang Youxuan. [Text] [OW011848 Beijing XINHUA in English 1548 GMT 1 Apr 82]

CSO: 4020/119

CONSTRUCTION

BRIEFS

HENAN URBAN CONSTRUCTION--Since the 3d Plenary Session of the 11th CCP Central Committee, Henan Province has achieved very good results in urban construction. According to statistics compiled by relevant departments, over the past 3 years, the state has spent more than 1.3 billion yuan on urban construction and housing in the province. This amount accounts for 50 percent of the total investment in urban construction in the province since the founding of the country. The province has built residential houses on 1.8 million square meters. The average housing area for each person is approximately 1 square meter more than in 1978. The province has solved the housing problem of approximately 2 million people. The housing shortage in urban areas in the province has been alleviated. Water supply in the urban areas has also been improved. Over the past 3 years, the amount of tap water supplied to urban areas daily has increased from 1.228 million tons to 1.652 million tons. Over the past 3 years, the province has increased its public vehicles by 340, built 175 kilometers of roads and 72 bridges, and laid 247 kilometers of drainage pipes in urban areas. [Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 8 Apr 82 HK]

HEILONGJIANG SCHOOL-BUILDING CONSTRUCTION--To solve the problem of the two-shift system of primary and middle schools in eight municipalities in Heilongjiang Province, the provincial people's government has decided to allocate 26.77 million yuan of funds this year to build schoolhouses for primary and middle schools in urban areas. With these funds, 179,000 square meters of schoolhouses will be built. It is estimated that 128,000 square meters of them will be completed this year. Some 847 classrooms and 76 laboratories will be added. [SK072232 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 5 Apr 82 SK]

JILIN COLLIERY CAPITAL CONSTRUCTION--By the end of March, collieries in Jilin Province had completed capital construction projects worth 5.59 million yuan in investment, fulfilling 11.9 percent of the annual plan and registering a 2.7-percent increase over the corresponding 1981 period. [SK140324 Changchun Jilin Provincial Service in Mandarin 1100 GMT 13 Apr 82 SK]

CSO: 4006/415

DOMESTIC TRADE

BRIEFS

XINJIANG EXPORT BUREAU PUNISHED--Recently the Xinjiang Regional People's Government issued a circular on its severe handling of the case of selling imported TV sets at a price lower than that prescribed by the state. The circular denounced this as an action to obtain private gains at the expense of the interests of the state and as an action that greatly harmed the state's price policy. The regional people's government decided to fine the corporation 103,000 yuan which was the amount of loss caused by this unlawful sale. The sum had to be paid out of the share of the corporation's profit that had been allocated to its disposal and had to be handed over to the regional finance department. The government also decided that the corporation had to be responsible for collecting payment of the difference between the actual price and the prescribed price from the buyers. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 23 Mar 82 HK]

WUHAN NATIONAL COMMERCE SYMPOSIUM--The national symposium on engaging in trade in a civilized manner concluded in Wuhan this morning. The symposium was attended by 175 representatives from 12 cities throughout the country, including Beijing, Tianjin, Shanghai, Shenyang, Harbin, Chongqing, Guangzhou, Nanjing, Xian, Hangzhou, Taiyuan and Wuhan. These representatives exchanged their experiences in "five stresses and four beautifuls" and engaging in trade in a civilized manner. They also inspected some 20 units, including Wuhan fair, Wuhan municipal central department store, and so on, and introduced their experiences to some 10,000 staff members and workers on the financial and trade front in Wuhan municipality. (An Lishu), chairman of the National Finance and Trade Front Trade Union, made a summing-up report. [HK191142 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 18 Apr 82 HK]

CSO: 4006/416

FOREIGN TRADE

OVERVIEW OF FUJIAN 1981 FOREIGN TRADE PROGRESS

Fuzhou FUJIAN RIBAO in Chinese 16 Jan 82 p 1

[Article by Reporting Group, Fujian Provincial Foreign Trade Bureau: "New Progress Made in Our Province's Foreign Trade Work"]

[Text] Our foreign trade work achieved new progress in 1981. Annual export volume reached more than \$380 million, an increase of 2.5 percent over 1980. Procurements and exports exceeded the state plan by 14.9 and 11.8 percent respectively.

In 1981 our provincial foreign trade department continued to thoroughly carry out special policies and flexible measures. Although one-seventh less commodities were exported than the preceding year, the total volume of exports registered an increase, thanks to the efforts of all relevant departments in prefectures and cities in expanding the sources of export goods. One of the characteristics of import-export trade in our foreign trade system was that the moment the variety of goods further expanded, the commodity structure underwent a change. More than 100 kinds of commodities were newly added during the entire year, which brought in more than \$5 million in revenue. When the processing of goods with imported materials was further increased, the volume of exports almost doubled over the previous year. Among them, textile goods, feather and woolen products, pearl slippers, mosquito-repellent incense, tin foils and ivory carvings registered big increases. The proportion of mechanical and electrical products, industrial chemicals and mining products vis-a-vis the total value of exports increased from 10.5 percent in 1980 to 15 percent last year. In export volume, mechanical and electrical goods doubled as compared with 1980, while industrial chemicals and mining products increased by more than 40 percent. Likewise, the proportion of light and textile industrial products and handicraft vis-a-vis the total value of exports increased from 27.3 percent in 1980 to 30 percent last year. However, the proportion of such consumer goods as foodstuffs, tea and animal by-products dropped from 61.5 percent two years ago to 54 percent. Another characteristic was that if the import of commodities in support of agriculture and light industry market increased, the import of equipment commodities dropped correspondingly, thereby coordinating economic adjustment, supporting industrial and agricultural production, adjusting market supply and withdrawing money from circulation. A third characteristic was that all companies engaged in import-export trade enhanced further their initiative in foreign marketing work

and strengthened their daily transaction activities. In 1981 daily transactions occupied more than half of the entire export transactions in value. Hong Kong and foreign businessmen were invited to come and talk business more than 780 times, and our sales representatives were sent to foreign countries 64 times, closing business deals amounting to \$33 million. At the same time, sales exhibitions of comprehensive or specialized Chinese commodities were separately held in Fuzhou, Tijuana (Mexico), New York (U.S.) and London (England), thereby assessing marketing needs, widening the impact of our export products and transacting more than \$11 million worth of business.

During the past year, in line with the reform in the foreign trade system, our province gradually implemented multi-level management and separate operation, and formed a preliminary situation for doing import-export business and promoted the development of foreign trade undertakings. Last year, for those import-export companies which took part in linking industry to foreign trade the volume of exports totalled \$7.13 million, while a number of departments and units outside of the foreign trade system were also engaged in some export activities.

9300

CSO: 4006/307

FOREIGN TRADE

FOREIGN TRADE, PRODUCTION OF LOCAL PRODUCTS ENCOURAGED

Lanzhou GANSU RIBAO in Chinese 4 Feb 82 p 2

[Article by Wei Fengzheng [7614 6912 1767] and Li Dianjiang [2621 1156 3068]:
"Support Special Local Products and Increase Foreign Trade Commodities"]

[Text] In recent years, the foreign trade system in Qingyang Prefecture made a major resolution to strive to support the superior special products of their prefecture and to frequently introduce new varieties that have strong adaptability, rapid production, and high returns. This was to strengthen the establishment of a diversified economic base. From 1975 to 1981, in order to maintain the cultivation of superior products in base counties, base communes, special production areas, specialized plants, and specialized workshops, a cumulative total of over 84,000 yuan in support funds and circulating capital funds were issued. At present, the entire prefecture has formed and established production bases for foreign export commodities that have already begun to take shape. They have achieved greater economic results.

First, they have expanded the growth of apricot trees and increased the production of almonds. Qingyang County and Zhenyuan County are good for growing apricot trees. The people are also well acquainted with the cultivation of this crop. In spite of all this, the quality of the varieties is poor. From 1975 to 1981 the Bureau of Trade issued over 17,700 yuan in production assistance capital to 18 key production area communes in these two counties. This was primarily used for the forestation of apricot trees, for the introduction of improved varieties from outside areas, and for regeneration through grafting. In all, they introduced 158,000 apricot tree branches from Hebei, 2,000 jin of Xinjiang apricots, 150,000 grafted apricot plants, and 1 million newly planted apricot plants. At present the number of apricot trees in the entire prefecture has already increased to 18.54 million. There are over 2.5 million mu of state-owned apricot trees and an annual yield of over 1 million jin of almonds. In recent years the average annual procurement has been 1.6 million jin, annual exports have approached 1.4 million jin, and the annual gross export value amounts to between 1.2 million and 1.6 million yuan. This is between 20 and 30 percent of the annual gross export value for the entire district. In 7 years they have earned a total of \$6.3 million from foreign exchange, thereby becoming one of the four apricot-producing areas in the entire country.

Second, they have expanded the growth of paulownia and have increased lumber exports. From 1976 to 1980, they invested 71,426.8 yuan to support the growing of paulownia. In all they introduced 461,590 paulownia plantings. Key communes and key brigades in seven counties carried out the cultivation of paulownia. At present there are 2 million paulownia plantings throughout the district. In certain mountain areas, ravines, hillsides, lowlands, ditches, yards, and gardens in the Jiaocun commune in Ningxian County and the Xiaojin commune in Qingyang County, the paulownia plantings have grown into forests. They have set a model by their luxuriance. They are able to continually supply exports and meet civilian needs.

Third, [the people in this prefecture] have further developed their excellence in animal husbandry and expanded the production of carpets. The straw plants in Huanxian County, Huachi County, Heshui County, and Zhengning County are vast, and animal husbandry is well developed. The production of wool and cashmere is large, and the materials for carpet industries are sufficiently developed. From 1976 to 1981 they invested a total of 92,000 yuan as production capital to support carpet industries, thereby enabling a great improvement in the production facilities, technical force, processing capacity, and carpet quality in the local carpet plant, the Huanxian County carpet plant, the Huachi County carpet plant, and the Heshui County carpet plant. Annual carpet exports increased from 3,308 square meters in 1979 to 5,611 square meters in 1980.

Fourth, long-haired rabbits and rabbits for skins and meat [4122 5131] are commodities sellable on the international market. From 1976 to 1981 they introduced over 7,000 long-haired rabbits of an improved breed from Zhejiang and over 8,600 purebred rabbits for skins and meat from Jiangsu. The key areas for trying to raise long-haired rabbits are Qingyang County's Yima commune, Tongchuan commune, Xiaojin commune and Xiongjiamiao commune, as well as Zhenyuan County's Shangxiao commune, Tunzi commune, and 21 other communes. The number of live-stock has already reached over 150,000 head. The key areas for raising rabbits for skins and meat are concentrated in Zhengning County's Shanhe commune, Yongzheng commune, Gonghe commune, and Xipo commune. Their total amount of livestock is over 60,000.

Fifth, [the people in this prefecture] have expanded their raising of the fine breed of woolly mountain goats. From 1977 to 1981 they invested over 372,000 yuan in capital funds. They introduced 5,514 of the fine breed of woolly mountain goats from Gaixian County in Liaoning Province and Alashanyouqi in Inner Mongolia. They divided them up to be raised among the 32 communes in the following five counties: Huanxian, Heshui, Huachi, Qingyang, and Zhengning. At present there are more than 100,000 purebred and crossbred woolly mountain goats throughout the district.

Sixth, they have made a great effort to expand the development of daylilies. From 1979 to 1981 they invested a total of over 19,900 yuan to help with the cultivation of daylilies in key communes such as Taiping commune and Kaibian commune in Zhenyuan County and Aomao commune and Zhengningyulinzi commune in Ningxian County. At present there are 24 mu for growing daylilies in Zhenyuan County and Ningxian County. The annual yield of daylilies throughout the district is over 1.5 million jin, and the average annual export is over 256,000 jin.

Seventh, they now breed mink. In the 2 years 1980 and 1981 they invested 11,000 yuan. They introduced 196 high-quality mink from Henan, Heilongjinag, and other areas. At present these have reproduced, so that now there are already 395 mink.

9864

CS0: 4006/358

FOREIGN TRADE

ECONOMIC JOURNAL URGES CAUTION WITH CONTRACTS

OW091029 Beijing XINHUA Domestic Service in Chinese 1137 GMT 7 Apr 82

[Text] Beijing, 7 Apr (XINHUA)--The JINGJI CANKAO [ECONOMIC REFERENCE] published on 7 April reported: An investigation group sent to Guangdong Province by the notary lawyers' section under the Ministry of Justice recently proposed that, in utilizing foreign capital and importing foreign technology, attention must be paid to bringing into play the role of lawyers to effectively safeguard the interests of our country and insure the smooth implementation of contracts.

The investigation group cited a host of examples to show the great difference between the presence and absence of assistance from lawyers in negotiating with foreign companies and particularly in signing contracts.

The No 2 Guangzhou Municipal Building Materials Plant has hired a lawyer as its legal consultant in negotiating with a foreign company on jointly running the Asbestos and Cement Products Company Limited. The lawyer found 17 legally inappropriate points in the draft contract presented by the foreign company. For instance, in the contract the foreign company proposed that it has the "right to rent, purchase or acquire land for building the factory." However, the lawyer pointed out, China's law clearly stipulates that enterprises engaging in joint ventures with foreign companies have only the right of use and not ownership to the land authorized for building. Therefore, the above article as presented by the foreign company had to be deleted. During negotiations, the foreign company was only willing to pay 1 million U.S. dollars for the use of the land. However, after a detailed comparison of the prices for the use of land in foreign countries and in Hong Kong and an explanation on the criteria and methods of computation on prices for use of land in China, the foreign company agreed to raise the price to U.S.\$2.50 million.

On the other hand, some units, in negotiating and signing contracts with foreign companies, have unknowingly violated China's laws, decrees and relevant regulations because of insufficient knowledge on law and because no assistance is offered by lawyers. Because economic responsibilities are not clearly defined by articles in certain contracts, our side is often not

in a position to claim compensation if the foreign companies fail to deliver the necessary quantity of up-to-standard materials on time. It is for this very reason that over 100 factories in Shenzhen municipality cannot carry on normal production and thus have incurred heavy economic loss.

The investigation group said: The "provisional regulations governing lawyers" stipulate that lawyers are authorized to render the following legal assistance: 1) to provide a legal consultant service; 2) to take part in negotiations and to draft contracts; 3) to act as agents in arbitration, mediation and litigation; and 4) to handle nonlitigation matters.

CSO: 4006/416

FOREIGN TRADE

GUANGZHOU EXPORT GOODS FAIR OPENS

OW151700 Beijing XINHUA in English 1640 GMT 15 Apr 82

[Text] Guangzhou, 15 Apr (XINHUA)--Guangzhou's 51st semi-annual export commodities fair, featuring heavy industrial equipment and, for the first time, products of joint ventures with Romania, Japan, West Germany and Italy, opened today till May 5.

The fair, smaller and closing 10 days earlier than its predecessors, is 90 percent machinery and industrial equipment and exhibits 1,300 chemical products. Among the new products for export are a radio-television satellite ground station and a 96-seat airliner which can be adapted for cargo transport.

A spokesman for the fair said the change in size and duration had been necessitated by the diversified foreign trade practices of recent years.

China now holds small export fairs, sends trade groups abroad and has opened permanent trade offices in other countries, he said. In addition, more than 230 foreign firms and other economic organizations have established offices and appointed resident representatives in China.

Spring fairs, held between April 15 and May 5, will display metals, minerals, chemicals, machinery, equipment, meters and instruments.

Autumn fairs, scheduled for October 15 through November 5, will deal with trade in cereals, oils, foodstuffs, textiles, native products, animal by-products, light industrial products and arts and crafts.

CSO: 4020/119

FOREIGN TRADE

BRIEFS

LIAONING DALIAN PORT CARGO--Shenyang, 31 Mar (XINHUA)--Dalian port in Liaoning Province, one of China's largest, has fulfilled its cargo-handling quota for the first quarter of this year 7 days ahead of schedule. The port handled 2.8 percent more cargo than in the same 1981 period, according to port authorities. The port also handled 2,500 standard cases of containers between January and March, 5.8 times as many as during the same 1981 period. The port has so far opened seven container shipping routes to other countries and regions, including Australia, Singapore, the United States and Hong Kong. In the first 3 months of this year, export cargo at the port was 17.3 percent more than for the same period last year, and the number of ships docking at the port rose 10 percent. Even so, the average time for loading and unloading a foreign vessel was shortened from 9 days in 1981 to 7.25 days. The improvement was due to the effective cooperation between foreign trade, railway departments and port authorities. Dalian port has 54 berths, of which 28 are 10,000-ton-class berths. With 540 loading and unloading machines, 85 percent of the work is mechanized. The port now has trade relations with 110 countries and regions. [Text] [Beijing XINHUA in English 0717 GMT 31 Mar 82 OW]

RUBBER AGREEMENT--Geneva, 19 Apr (XINHUA)--The international natural rubber agreement, the first international commodity agreement concluded in the framework of the integrated program for commodities, has officially entered into force after approval by countries representing the overwhelming majority of the world's rubber exports and imports. The central element of the agreement reached in 1979 is an international buffer stock jointly financed by producers and consumers, consisting of a normal buffer stock of 400,000 tons and a contingency buffer stock of 1,500,000 tons. The mid-point of the price range established in the agreement is 210 Malaysian-Singapore cents (89 U.S. cents) per kilogram, with a stabilization band extending 20 per cent above and below. The agreement encompasses such major producers as Malaysia, which accounts for 48.2 per cent of the world's net exports, Indonesia (25.3 per cent) and Thailand (12 per cent). The major consumer signatories include the United States representing 24.75 per cent of the world's net imports, the European Community, Japan, China and the Soviet Union. [Text] [OW200301 Beijing XINHUA in English 0212 GMT 20 Apr 82]

LIAONING QUARTERLY EXPORT--In the first quarter of 1982, Liaoning Province procured 608 million yuan of goods for export and exported from its ports goods worth \$1,008,000,000. These figures are 14.8 and 27.6 percent, respectively, higher than those for the corresponding 1981 period. [SK111139 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 10 Apr 82 SK]

SOUTHWEST ENERGY CORPORATION--Guiyang, 18 Apr (XINHUA)--The China Southwest Energy Development Corporation, a new joint enterprise established with the approval of the State Council, recently began to export coal from Guizhou Province. The corporation has signed contracts with foreign firms for export of some 240,000 tons of coal from Guizhou. The first shipment of 832 tons has already been sent. This joint enterprise was formed by Guizhou, Yunnan and Guangdong provinces, Guangxi Zhuang Autonomous Region, the Bank of China, the Construction Bank of China and several other units for exploiting the natural resources in southwest China. [OW190957 Beijing XINHUA Domestic Service in Chinese 0237 GMT 18 Apr 82 OW]

CSO: 4006/414

TRANSPORTATION

NEW PORT AT TIANJIN DESCRIBED

Shanghai JIEFANG RIBAO in Chinese 6 Feb 82 p 5

[Report by Zheng Yuhe [6774 3768 3109]: "The New Port--Gateway to the Capital"]

[Text] The New Port at Tianjin, which stands protectively at the western end of the Bohai Bay, backs on the North China plain which is rich in material resources. By sea, has 28 oceanic routes of navigation leading to more than 150 countries and areas. Over the land, it is linked to railway trunk lines such as Beijing-Shanxi and Tianjin-Pukou and, by way of these, further connected to lines across the country. It is the gateway to the motherland's capital and a pearl of the Bohai Bay. At present, it already has 62 anchorage spaces for vessels in the 10,000-ton class and two wharves for international visiting ships, plus one petroleum wharf, a large-scale freightcar yard, four parking lots, and a port region with a network of railroads measuring nearly 100 kilometers in effective length. On the former muddy beach now stand 10-odd storage tanks that are capable of storing 50,000 cubic meters of petroleum. A 10,000-ton cold-storage warehouse composed of 8 storage buildings, with automated cold control systems in all of them, has already been put into operation. The container service wharf here is the very first special container anchorage facility we have built to meet the needs of the modernization of the shipment of sundry goods; it was put into use just at the end of last year. The New Port has newly opened up five shipping lines for this special service wharf, whose capacity is three times that of an ordinary anchorage facility, in order to meet foreign trade needs.

This change in port facilities reflects the rapid development of Tianjin's foreign trade. During the past 3 years, commodities exported from Tianjin each year have numbered 1,000; its export trade volume made up about eight percent of the total export trade volume of the whole country; these commodities together with goods whose export via the new port is managed by Beijing and Hebei Provinces together have accounted for about 15 percent; and the volume of goods imported via Tianjin port facilities has made up about one-quarter of the nation's total. In 1980, in order to strengthen its external economic and trade activities Tianjin established a foreign trade head office, under which were set up also import and export branch offices for light industry, textile, chemical industry, handicrafts, cultural and

physical education products, carpets, indigenous products, animal husbandry products, grains and oils, foodstuffs, clothing, metals and minerals, machinery and mechanical equipment, and foreign trade branch offices as well as a rental vessels service center. Thus all channels seemed to lead to the harbor. During the past 3 years more than 1,000 Chinese and foreign freighters entered and started out from the New Port; its actual handling capacity was about 12 million tons. Several old harbor hands observed that a few years ago the ratio between the number of foreign vessels entering and Chinese vessels starting out from the port was about 70:30, but during these past few years it has been reversed. This demonstrates our achievements in developing our foreign trade and expanding our exports as well as developing our own merchant fleet. As an important export port of North China and the northwest and the economic center of the north, Tianjin has been making new contributions to the construction of the motherland's four modernizations.

9255

CSO: 4006/346

TRANSPORTATION

SHAANXI INDUSTRIAL, TRANSPORTATION OUTPUT INCREASE IN JANUARY 1982 REPORTED

Xi'an SHAANXI RIBAO in Chinese 12 Feb 82 p 1

[Report by Zhang Wei [1728 1218]: "Better Results Achieved in Industrial and Transportation Output in January in Our Province--Responsible Comrade of Provincial Economic Commission Points Out: We Must Overcome the Idea of 'Relaxing a Little,' Exert Our Zeal Anew, and Resolutely Accomplish Tasks of Production for February"]

[Text] In January this year, when the spring festival and holiday season converged, the industrial and transportation output in our province was able to accomplish the progress requirements according to plan, with a daily output value 8.3 percent higher than that of the corresponding period last year.

For the sake of meeting the needs of the urban and rural people during the festival, enterprises in light industry concentrated on production both before and after the festival in order to rush out products to put into the market and increase the production of daily consumer goods by a considerable margin. Compared to the corresponding period last year, sugar, laundry powder, bicycles, sewing machines, television sets, and matches all increased by a considerable margin; daily output value of the light industry as a whole amounted to 16.74 million yuan, representing an increase of 5.88 percent over that of the corresponding period last year.

The daily output value of heavy industry in January amounted to 13.9 million yuan, an increase of 11 percent over that of the corresponding period last year. This was a big change from the situation last year when heavy industry consistently decreased in its production.

The railroad transport volume, was 2,023,000 tons in January, representing 10.9 percent increase over that of the corresponding period last year; 219,620,000 passengers were transported during the same month, thus accomplishing the heavy transportation tasks prior to the spring festival. In terms of highway transport volume, 570,000 tons were realized, representing 103.6 percent of the volume planned for the month and a 5 percent increase over that of the corresponding period last year.

The responsible comrade of the provincial economic commission points out: the situation with regard to industrial and transportation output in January in our province has been fine, but a definite gap still remains when compared to the speed of increase in the entire nation's industrial and transportation output and when compared to the advanced sister provinces. He asks the various localities and various industrial and transportation departments to further concentrate on the realization of plans, the acquisition of materials, and the linking of production to sales, and to really bring to fruition the industrial and transportation output plans by each and every means. The various enterprises must first of all properly arrange their production plans for the first quarter. In February, practical work becomes progressively less; it is a key month in which to strive to achieve initial success for the first quarter. They must strengthen their ideological and political work, overcome the idea of "relaxing a little" on the part of some staff and workers, resolutely accomplish their production plans, and assure the initial success for the first quarter.

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CSO: 4006/346

TRANSPORTATION

BRIEFS

GANSU TRANSPORT ACHIEVEMENTS--The Lanzhou Railway Bureau, Gansu Province, has overfulfilled the first quarter transport plan. Its freight delivery volume reached over 8.13 million ton, 25 percent of its annual task. Its transport plans for major goods such as coal, petroleum, chemical fertilizer and cement have also been overfulfilled. [SK062212 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 4 Apr 82 SK]

HENGYANG-GUANGZHOU DOUBLE-TRACKING--To speed up the construction of the double-track railway from Hengyang to Guangzhou, the Guangdong Provincial People's Government has decided to establish a "Guangdong provincial Hengyang-Guangzhou double-tracking construction command" with Vice Governor Li Jianan as the chief. The construction of this double track will play an important part in developing the economy of our country, enlivening transport between the southern and northern part of our country, expanding trade at home and with foreign countries, promoting the economic development of our province and improving people's livelihood and the construction of the special economic zones. Therefore, the provincial people's government has today issued a circular on doing well in the double-tracking of the Hengyang-Guangzhou railway, demanding that governments at all levels vigorously support this work. [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 10 Apr 82 HK]

HEILONGJIANG RIVER NAVIGATION--Songhuajiang River navigation has begun. The Hejiang Navigation Administrative Bureau and the Jiamusi port office held a ceremony at Jiamusi harbor on 18 April to mark the beginning of navigation after a frozen period. [Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 19 Apr 82 SK]

HEILONGJIANG CARGO NAVIGATION LINE--According to our sources, an inland cargo navigation line between Harbin and Heihe resumed today after being suspended for over a dozen years. Cargo transport tasks of this line are arranged by the Heihe Shipping Bureau. Two barges set sail simultaneously from Harbin and Heihe twice monthly. [Text] [SK180604 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 17 Apr 82]

CSO: 4006/415

GENERAL

NEED FOR BETTER PLANNING METHODS STRESSED

Jinan DAZHONG RIBAO in Chinese 11 Feb 82 p 3

[Article by Hao Zhi'an [6787 0037 1344]: "Support a Planned Economy and Intensify Planning"]

[Text] The principle of "giving top priority to planned readjustment and considering market regulation to be subsidiary" is the correct principle for carrying out successful economic work. While in the process of continuing to readjust our national economy, our economic work has become more active and readjustment has proceeded smoothly because we have implemented this policy. Nevertheless, under these circumstances some comrades are skeptical of the advantages of a socialist planned economy. They believe that certain problems that have occurred in our economic development--such as lack of proportion, slow economic activity, and irrational management systems--have resulted from implementing a planned economy, exaggerating certain aspects of the role of market regulation, and reversing the order of importance of planned readjustment and market regulation. Thus they view planning as being of little consequence, and they even deny the importance of planning. We must promptly correct this erroneous tendency, which has had affected the enforcement of planning.

A planned economy is an essential symbol and a basic feature of a socialist economy. It is a cardinal concept of Marxist political economy and a scientific thesis that has already been borne out by the practice of socialism. When the social core of a socialist society carries out a preliminary and conscious social readjustment in the overall national economy to avoid a state of anarchy, this causes each department and each trade to develop in a proportionate and planned way. This then greatly reduces the squandering of social wealth. At times a serious lack of proportion may occur in our economy, but this is not caused by our having a planned economy. On the contrary, it is due to violations of the laws of a socialist economy, going against the requirements of a planned economy, having an incorrect guiding ideology when formulating plans, and using unscientific planning methods. The road to China's economic development has shown that whenever we improve planning, economic development then accelerates and improves. Whenever planning is weak, or when planning seriously violates objective reality, then a lack of proportion occurs in our national economy and the economy may then become stagnant or even regress. We therefore have no choice but to carry out readjustment. The implementation of readjustment also depends upon state planning. If we lack the strong guidance of state

planning, then readjustment will not proceed smoothly. Naturally, while we are working under the premise of giving primary consideration to planned readjustment, it is still necessary to give full play to the subsidiary role of market regulation. However, market regulation under socialism is quite different from the spontaneous market regulation under capitalism, because it comes under the control of state planning. It occurs within the limits set by the state, and it is required to conform to relevant state policies. It is an essential supplement to state planning. We should fully appreciate the superiority of a planned economy, give serious attention to state planning, carry out readjustment under unified state planning, and develop production. Planning departments at all levels should prevent and overcome the tendency to be contemptuous of planning. They should strengthen guidance in planning, restructure the planning management system, improve planning methods, and make better plans in order to achieve even greater economic benefits.

At present, how should we strengthen planning?

First of all, we must make every effort to improve statistical work. Statistics are the foundation of planning and the prerequisite for formulating plans. If a statistical index is not comprehensive, complete, and correct, then it is impossible to formulate plans that accord with reality. Our current statistical index system is not comprehensive. Many statistical indices are incorrect, are behind the times, and cannot keep pace with economic development. It is difficult to discover and correct these problems promptly. Consequently it is necessary for us to set up as quickly as possible a scientific index system that includes a quantitative index and a qualitative index, a material goods index and a value index, a static index and a dynamic index, a comprehensive index and an individual index, and an assessment index and a calculation index. All enterprises and departments should strengthen the establishment of statistical troops to maintain the relative stability of statisticians, upgrade their operational level, and ensure the accuracy and timeliness of their statistical indices. Leaders must not rely on the power of their office to alter or falsify statistical figures. Violators must be thoroughly investigated and charged with legal responsibility. Only in this way can statistic departments provide reliable statistics so that planning can be established on an accurate and reliable basis.

Second, we must strive to intensify study and investigation and do a good job of forecasting the requirements of our markets, resources, and technology. We must also successfully forecast technological conditions and our socioeconomic situation. Like statistics, this too is part of the foundation of planning. Apart from having an incorrect guiding ideology and a lack of proportion, a major reason why our planning fails to correspond to reality is that our economic information and data are not accurate or sensitive. This has created an unclear situation or caused an incorrect assessment of situations. Take, for example, market forecasting: if we incorrectly forecast market demands, consumer mentality, habits, purchasing power, the competitive power of commodities, etc., then we will formulate plans blindly and planned products will be unable to conform to market needs. Consequently we must make every effort to study and investigate. First, we can investigate and make calculations through classifying, decentralizing, and dealing with things individually. We must

gradually accumulate data and then make a comprehensive analysis and study. In this way we can have greater certainty in our planning.

Third, we must try to strengthen our research and popularization of scientific planning methods and procedures. This is the weak link in our planning. If modern scientific planning methods are put into practice so as to produce analytical methods and mathematical models for all kinds of economic programs, that will be of great value to scientific planning. The use of electronic computers can greatly speed up the rate of planning and improve accuracy. We have just begun research in this area, so their use is not yet widespread. We should set up research institutions, universities, and colleges. If we intensify research and speed up the use of computers, planning will become even more scientific. It will solve the problem of the slow transmission of plans to lower levels and the problem of the ineffectiveness of restraints and instruction.

In summary, we must strengthen our faith in a planned economy and improve work in planning in order to benefit the readjustment of our national economy and bring about the sound development of a stable economy in China.

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CSO: 4006/358

GENERAL

BRIEFS

HUBEI COAL OUTPUT--In 1981 Hubei Province implemented the readjustment policy, rectified the structure of enterprises, enhanced economic effect and improved safety measures. As a result, a great number of advanced units and model workers have emerged on the province's coal industry front. Coal output in 1981 increased by 12.6 percent as compared with 1980. There were significant achievements in capital construction, geological prospecting and railway transport. At the representative meeting for model units and workers of the coal industry front, 11 outstanding collectives and 12 model workers were commended. The CCP committees of the provincial coal industry bureau called for all workers on the coal industry front to follow their example and make contributions to the four modernizations. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 3 Mar 82 HK]

CSO: 4006/415

REPORT ON EXPOSED GUANGDONG SHARE FRAUD

HK221028 Hong Kong WEN WEI PO in Chinese 22 Mar 82 p 3

[Special feature by Su Chung-heng [5685 0112 5899] and Chen Chin-sen [7115 6930 2773]: "Guangdong Exposes Shares Fraud"]

[Text] Recently, in Guangdong Province the following "news" has been rumored: "Those who bought shares in the American Hua Qi [5363 8501] Company before liberation can now "hand these shares over to the government and entrust the government to have them cashed." Some people have even avowed that "the Central Committee has issued a document informing all areas" to start the work of collecting these shares and that the central document said that "now we should mobilize the masses to collect these shares." But the state needs some funds in order to collect these shares. When the shares are collected, rewards will be given to those who furnished money to cover the expenditure incurred in collecting the shares in accordance with how much money they have furnished. It was also alleged that there would be a first prize of \$300,000, a second of \$200,000 and a third of \$150,000. The funds for collection are divided into shares of 1,000 yuan each and the more shares one takes, the more reward one will get. Some people even said mysteriously that share certificate No 08128 has already been found and that it is worth as much as \$300 million.

Investigations have already been made and the results of the investigations have clearly proved that this is a thoroughly groundless claim. This absurd claim was devised to serve a great fraud. Huang Jiashu, the swindler who used this rumor to commit fraud in Guangdong Province, has been recently arrested. Huang Jiashu had been a sideline worker in the enterprise of a brigade in Tongshan people's commune, Qionghshan County, Hainan Island. But he did not attend to his proper work and was infatuated by his love for money. In Haikou, he met a few evildoers who had wandered to Hainan Island from Guangxi and were looking for opportunities to commit crimes in Hainan Island. These evildoers spread the above-mentioned rumor to Huang Jiashu and told him that a "share collection preparatory group" has already been established in Beijing. Huang immediately understood their purpose and made up his mind to use this rumor as a shortcut to become rich by swindling.

This swindler first went to Danxian County to swindle. He told everybody he met there about the matter of "cashing shares." At once, the rumor was spread all over the county and it was surprising that some people entirely believed the rumor. One cadre of the Xianfeng brigade in Nada town people's commune, Danxian County, as soon as he heard Huang's exaggerated description of the news about collecting shares, immediately promised that he would collect funds from the masses that lived in the vicinity and hand the funds he collected to Huang for "collecting shares." Right away he set out to do so and he asked quite a few people to help him to collect funds. There was a director of a branch farm of a certain state farm, who, as soon as he heard this news of a way to get rich, hurried to mobilize people to furnish funds and quickly collected a few thousand yuan and gave the sum to the cadre for fear that he might lose the opportunity through slowness. In the short period of a few months, this swindler obtained the huge sum of 15,460 yuan by this trick.

From April to his arrest in mid-November last year, he went to Beijing and Tianjin five times. At a certain hotel at Pingguoyuan Shijingshan District, Beijing, he and other swindlers from Guangxi, Sichuan, Guizhou, Beijing and other areas established a "share collection preparatory group" and opened up an office there. They spread lies everywhere. Some of them pretended to be relatives of certain central officials, others called themselves senior cadres in the State General Administration of foreign exchange control and still others claimed to be public security cadres. Using the excuse of recouping foreign exchange and supporting the four modernizations by cashing "shares," they went to 11 provinces and cities to commit frauds. In the company of these people, Huang Jiashu thought that he had some people to rely upon and became bolder.

The public security department has long been paying attention to the development of this fraud and after careful investigation, it decided to arrest these swindlers as soon as the opportune time came. With the close cooperation of the public security organizations in Beijing, Tianjin and other areas, in mid-November last year, public security officers suddenly accosted Huang Jiashu. One public security officer said to Huang Jiashu in Hainan dialect, "What did you come to Tianjin for? Your show is now over." As soon as he heard these words, this swindler shuddered all over and hurried to say, "I have committed mistakes. I will confess. I will confess..." Clip, he was handcuffed. This was how this swindler was finally taken into the net of the people's jurisdiction. All the other swindlers in the so-called "share collection preparatory group" were also [word indistinct] arrested by the public security organizations in Beijing.

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